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STATE OF IOWA

1930

Courses of Study for
High Schools

ECONOMICS

Issued by the Department of Public Instruction
AGNES SAMUELSON, *Superintendent*

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Published by
THE STATE OF IOWA
Des Moines

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Issued by the Department of Public Instruction
JAMES HANCOCK, Superintendent

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FOREWORD

This course of study is one of a series of curriculum publications to be presented the high schools of the state from time to time by the Department of Public Instruction. It has been prepared by a subject committee of the Iowa High School Course of Study Commission working under the immediate direction of an Executive Committee. If it is of concrete guidance to the teachers of the state in improving the outcomes of instruction, the major objective of all who have contributed to its construction will have been realized.

From the start the need of preparing working materials based upon cardinal objectives and adaptable to classroom situations was emphasized. The use of the course of study in the development of proper pupil attitudes, ideals, habits, and skills was the criterion for selecting and evaluating subject matter material. At the same time it was important to consider the relation of the single course of study unit to the variety of textbooks used in the high schools of the state. The problem before the committees was that of preparing suitable courses of study representing the best in educational theory, practice, and research, and organized in such a way as to guide the teachers in using the textbook to greater advantage in reaching specified outcomes of instruction.

The selection of texts in this state is a function of the local school boards. The Department of Public Instruction and the committees do not recommend any particular text as essential to the working success of this course of study. The titles listed on the following pages are not to be interpreted as having official endorsement as against other and newer publications of value. They were found upon investigation to be in most common use in the high schools of the state at the time the units were being prepared; a follow-up survey might show changes.

Although many valuable studies have been made in the effort to determine what to teach and how to teach it, and to discover how children learn, these problems have not been solved with finality. For that reason and because no fixed curriculum can be responsive to changing needs, this course of study is to be considered as a report of progress. Its revision in accordance with the enriched content and improved procedures constantly being developed is a continuous program of the Department of Public Instruction. Your appraisal and evaluation of the material as the result of your experience with it are sincerely requested.

ACKNOWLEDGMENTS

The Department of Public Instruction takes this opportunity of thanking the many college specialists, school administrators, and classroom teachers who have helped with this program. Without the active coöperation of the educational forces of the state it could not have even been attempted. It has had that coöperation both in general and specific ways. The support given by the Iowa State Teachers Association and the High School Principals' Section has enabled the Executive Committee to meet and also to hold meetings with the Commission as a whole and with the chairman of subject committees.

Special acknowledgment is given the Executive Committee for its significant leadership in organizing the program and to Dr. T. J. Kirby for his valuable services in directing its development. Sincere gratitude is also expressed to the various committees for their faithful and skillful work in completing the subject matter reports assigned them and to Dr. C. L. Robbins for his careful and painstaking work in editing the manuscripts. The state is deeply indebted to the High School Course of Study Commission for its expert and gratuitous service in this enterprise. Credit is due the publishers for making their materials accessible to the committees and to all who served in advisory or appraisal capacities. Many of their names may not have been reported to us, but we acknowledge our appreciation to every one who has shown an interest in this significant program.

In the following committee list, the positions held by members are given as of the school year 1928-1929.

IOWA HIGH SCHOOL COURSE OF STUDY COMMISSION

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*Superintendent Chandler was appointed in 1929 to fill the vacancy created by the resignation of Superintendent Menefee.

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Economics

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 Superintendent of Public Instruction

GENERAL INTRODUCTION

At the first general meeting of the various subject committees a suggestive pattern for the various courses of study, embodying the fundamental needs for teaching, was projected. Four crucial factors that should be emphasized in any course of study to make it an instrument that would cause teachers to consult it for guidance in the performance of their daily work were set forth as follows: objectives, teacher procedures, pupil activities, and evidences of mastery.

Objectives—The meaning of objectives as here used is those concepts which are set up for pupils to achieve. As used in current practice, there is a hierarchy of objectives as shown by the fact that we have objectives of general education, objectives for various units of our educational system such as those proposed by the Committee on Cardinal Principles, objectives for subjects, objectives for a unit of instruction, and objectives for a single lesson. In each level of this hierarchy of objectives a constant element is expressed or implied in the form of knowledge, a habit, an attitude, or a skill which pupils are expected to acquire.

In the entire field of secondary education no greater problem confronts us than that of determining what these fundamental achievements are to be. What shall be the source of those objectives, is a problem of too great proportions for discussion here, but it is a problem that each committee must face in the construction of a course of study. A varying consideration of objectives by the various committees is evident in the courses of study they have prepared. The value of the courses varies in terms of the objectives that have been set up, according to the value of the objective in social life, according to the type of mental techniques which they stimulate and exercise, and according to the objective of their statement.

Pupil activities—In our educational science we are attaching increasing significance to self-activity on the part of the learner. Recognition is made of the fundamental principle that only through their own activity pupils learn and that the teacher's rôle is to stimulate and direct this activity. No more important problem faces the curriculum-maker than that of discovering those fundamental activities by which pupils learn. In a well-organized course of study, that series of activities, in doing which pupils will attain the objectives set up, must be provided. These activities must not be chosen in a random fashion, but care must be taken that appropriate activities for the attainment of each objective are provided.

Teacher Procedures—With the objectives determined and the activities by which pupils learn agreed upon, the function of the teacher in the pupil's learning process must be considered. In a course of study there should appear those teacher procedures of known value which make learning desirable, economical, and permanent. Here our educational science has much to offer. Where research has demonstrated with a high degree of certitude that a given technique is more effective in the learning process than others, this technique should be included in a course of study. Common teaching errors with sug-

gested procedures to replace them may be included. Pupil difficulties which have been discovered through research should be maintained and methods of proven value for meeting these difficulties should be included. Suggested ways of utilizing pupils' experiences should be made. And as important as any other feature is the problem of motivating learning. Whatever our educational research has revealed that stimulates the desires of pupils to learn should be made available in a course of study. Valuable types of testing should be incorporated as well as effective type assignment. The significance of verbal illustrations as evidence of comprehending the principle at issue should be featured as a procedure. Where there is a controlling procedure of recognized value such as is recognized in general science—bringing the pupil into direct contact with the phenomena studied—forceful effort for the operation of this procedure should be made.

Evidences of Mastery—What are to be the evidences of mastery of the objectives set up? There are all degrees of mastery from the memoriter repetition of meaningless terms up to a rationalized comprehension that shows both grasp of the controlling principles involved and the basic facts necessary to a clear presentation of the principles. These evidences of mastery may be in the form of dates *to be known*, formulae *to be able to use*, types of problems *to be able to solve*, quality of composition *to produce*, organization of materials *to be made*, floor talks *to be able to give*, papers *to be able to write*.

In no part of educational procedure is there need for more effort than in a clear determination of those evidences, by which a well-informed teaching staff can determine whether a pupil has a mastery of the fundamental objectives that comprise a given course. As we clarify our judgments as to what comprises the essential knowledge, habits, attitudes, and modes of thinking involved in a certain course, we can set forth with more confidence the evidences of mastery. Teachers are asking for the evidences of mastery that are expected of pupils, and courses of study should reveal them.

While these four elements constitute the basic pattern, the principle of continuity from objective to pupil activity, to teacher procedure, to evidence of mastery was stressed. The maker of a course of study must bear in mind that what is needed is an objective having accepted value; a pupil activity, in performing which, pupils gain a comprehension of the objective that is now being considered; that a teacher procedure is needed which evidence has shown is best adapted to stimulating pupils to acquire this objective for which they are striving; and that evidences of mastery must be incorporated into the course by which to test the degree of comprehension of the objective now being considered.

The courses of study vary in the degree to which these four fundamental features have been objectified and in the degree to which the principle of continuity from objective to evidence of mastery has been cared for. On the whole they will provide effective guides which teachers will use.

Realizing that these courses of study were prepared by school men and women doing full time work in their respective positions, one fully appreciates the professional zeal with which they worked and the splendid contribution to high school education which they made.

THOMAS J. KIRBY,

Chairman of the Executive Committee

COURSE OF STUDY FOR ECONOMICS

INTRODUCTION

The place of economics in the social studies program—While all the social studies are concerned with the interests of the group, economics has to do primarily with its material welfare. Its subject matter deals with current problems which are of the utmost importance to every individual. An intelligent understanding of these problems requires a background which can be supplied only by previous instruction in the other social sciences. The committee believes that the study of economics should become universal in our high schools, preferably in the twelfth grade, following the other social sciences.

General objectives—The underlying purpose of this study is to develop clear thinking along economic lines, and to obtain an understanding of the way in which our complex economic system functions. We are passing through a period of rapid and tremendous economic changes; history will call it another industrial revolution. Specific instruction, largely in the schools, is necessary to enable the individual to adjust himself to the new situations constantly arising. Moreover, the great questions continually confronting the group are primarily economic, not political, and a proper understanding of them is essential to good citizenship.

Guiding factors—In constructing this course of study the committee has utilized the plan suggested by the chairman of the Executive Committee, according to which, objectives, teacher procedures, pupil activities, and evidences of mastery should constitute the fundamental factors. In the objectives are included knowledge, appreciations, habits and skills. The committee believes that it is most worth while to lead the pupils in the secondary schools to recognize and to enjoy the really marvelous way in which our highly complex economic system functions and to appreciate its remarkable effectiveness in producing goods and services for the satisfaction of wants. The course is designed also to provide certain factual information although obviously it must be very limited in extent. But the most important of all is the development of skill in the analysis of economic data and the formation of the habit of subjecting each economic problem to a rigid examination in the light of sound economic principles.

Materials—The aim has been to prepare a course of study suitable to any Iowa high school. The materials of the outline have been drawn from many sources. A text should be in the hands of each pupil and several others should be available. References for each unit include a few carefully chosen books distributed among both college and high school texts, and a limited number of periodicals and government reports. These lists should be supplemented by the teacher.

The course of study includes more materials than will be used in one

semester, but it aims to present the chief questions for which consideration is desired. The teacher may extend the treatment of some topic and reduce that of others according to the facilities available. Illustrative materials of immediate interest to the pupil and community should be used freely. Local industries should be visited and studied for the purpose of applying economic principles. Newspapers, trade journals, and reports of federal and state commissions should be read for illustrations. While an effort has been made to present the fundamental principles of economic theory, their application to economic situations of to-day has been emphasized throughout.

Methods of study—Economics does not lend itself to laboratory technique. Its presentation is made difficult because of the impossibility of permitting the pupil to manipulate tangible objects. It is much concerned with principles and tendencies. These being the chief characteristics, it follows that the teacher must make the fullest use of illustrations and take advantage of every opportunity to apply the principles involved. Bank statements, corporation reports, insurance policies, tax receipts, market reports, labor statistics, and other similar data can be made the basis for special reports and valuable class discussion. Many difficult points can be clarified by the use of diagrams, charts, and tables. Other examples should be drawn from the pupils' own experience. The pupils' interest can be maintained by constantly stressing the immediate application of economic principles.

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Dr. H. J. O'Neill, Iowa State Teachers College, Cedar Falls, Iowa

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I. OUR ECONOMIC BACKGROUND

- A. Introductory statement
- B. Characteristics of our economic system
- C. Economic development of society
- D. Economic development of the United States
- E. Our natural resources and population

Unit Objective

To introduce the pupil to the study of economics and develop an economic background which will act as a basis for further study

Specific Objectives

- A. Introductory statement
 - 1. To explain the nature of economics
 - 2. To stress the extent of coöperation and interdependence in the process of producing goods for the satisfaction of man's wants
- B. Characteristics of our economic system
 - 1. To show that each producer is a member of a huge, inter-related economic system
 - 2. To show that this system is controlled by certain economic forces which the individual cannot escape
 - 3. To show that the system is essentially one of private initiative and competition
 - 4. To describe certain aspects of the economic environment which have their basis in law or custom

Teacher Procedures

- A. Introductory statement
 - 1. Define economics and point out the four customary divisions of the field
 - 2. Show the relation of economics to the other social sciences
 - 3. Show why economics is primarily interested in man's relation to others
 - 4. Show by example that new economic problems are continually arising
- B. Characteristics of our economic system
 - 1. Cite illustrations to show that we are influenced by economic forces constantly
 - 2. Show that these constant contacts impel people to form ideas about our economic system many of which are unsound
 - 3. Explain carefully what is involved in the expression, "a competitive system"
 - 4. Discuss the nature, origin, and significance of the rights of private property and of inheritance
 - 5. Show the importance of contracts, coöperation, freedom and public education in our system of private enterprise
 - 6. Show the part played by the government in enforcing contracts, protecting property, and in the regulation and encouragement of business enterprises

Pupil Activities

- A. Introductory statement
 - 1. List topics covered in economics
 - 2. Name ten commodities of strictly local production
 - 3. Name ten commodities illustrating economic interdependence
 - a. Among states
 - b. Among nations
- B. Characteristics of our economic system
 - 1. Make a list of the characteristics of our present economic system
 - 2. Discuss the following characteristics: private enterprise, pecuniary system, exchange economy, open markets, division of labor
 - 3. List instances where mistaken ideas about economics have been costly to the individual; where they have been costly to our country
 - 4. Point out economic considerations that a young person should take into account in choosing an occupation
 - 5. Most new inventions can be of little general benefit until they become commercially feasible. Show how this illustrates the importance of economic forces

Evidences of Mastery

- A. Introductory statement
 - 1. Explain why we study economics
 - 2. Show that as our economic system has increased in complexity man has become more dependent
 - 3. Show how our economic society is constantly changing and becoming more complex
 - 4. List ten economic and ten non-economic activities
- B. Characteristics of our economic system
 - 1. Show how our economic system provides enough hats, autos, and cosmetics to meet the demand
 - 2. State the advantages and disadvantages of a system in which the government tells each person what and how much to produce
 - 3. Show how the operation of economic forces has almost driven the horse from the city streets, caused the erection of skyscrapers, forced orange growers to coöperate, made banks close their doors, brought the railroads under government regulation and incited wars and threats of wars

Specific Objectives**C. Economic development of society**

1. To describe the principal industrial stages through which man has progressed
2. To emphasize the significance of the Industrial Revolution

D. Economic development of the United States

1. To picture economic life in the early history of this nation
2. To trace the important steps in the economic development of the United States
3. To analyze some of the chief problems which have accompanied our economic growth

E. Our natural resources and population

1. To show how our natural resources have influenced the nation's economic development
2. To explain how our standards of living have been affected by our natural resources
3. To describe the principal factors determining population growth in the United States
4. To trace the effects of population growth upon our economic life

Teacher Procedures**C. Economic development of society**

1. Characterize the following economic stages
 - a. Direct appropriation
 - b. Pastoral
 - c. Agricultural
 - d. Handicraft
 - e. Industrial
2. Show how each stage led to the next and resulted in greatly increasing man's control over nature

3. Explain the nature and importance of the Industrial Revolution
4. Show the origin of the conflict between capital and labor

D. Economic development of the United States

1. Discuss sectionalism
2. Discuss economic aspects of slavery
3. Point out economic problems that have arisen out of immigration
4. Show how large amounts of public land strengthened our federal government and hastened economic development

E. Our natural resources and population

1. Point out the abundance of our natural resources and their relation to our wealth and high standards of living
2. Stress the importance of developing resources by contrasting United States and China
3. Explain the Malthusian doctrine and the revival of interest in it
4. Cite figures of our population growth and show that it is increasing about 5,000 per day in spite of a declining birth rate
5. Outline the main provisions of the immigration act now in force

Pupil Activities**C. Economic development of society**

1. List characteristics of man and his institutions in each economic stage
2. Describe the gild, domestic, and mercantile systems
3. Name inventions leading to the Industrial Revolution
4. Describe chief features of the Industrial Revolution and its economic, social, and political effects
5. Show that "an industrial revolution" is still in progress

Evidences of Mastery**C. Economic development of society**

1. Describe the outstanding characteristics of the five economic stages and show how each led to the next
2. Name the most important stage and justify your selection
3. Give examples of peoples in each of these stages to-day
4. Discuss effect of each upon man's standard of living

D. Economic development of the United States

1. Contrast characteristics of our present economic system with those of Washington's day
2. Summarize the economic significance of the westward movement
3. Name five important economic problems that have been peculiar to the United States

D. Economic development of the United States

1. Show how the colonies encouraged economic development
2. Show the relation of westward expansion to sectionalism
3. Show the influence of free land upon our economic development
4. List the economic aspects of slavery and of immigration
5. Study political party platforms and note the prevalence of economic questions

4. Suggest some economic problems which have resulted from the World War

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Notes by Teacher

Pupil Activities

- E. Our natural resources and population
1. Contrast natural resources of the United States with those of European countries
 2. Give statistics showing rapid growth of our population and give reasons
 3. List national problems which you feel are an outgrowth of our increase in population
 4. List reasons for restricting immigration today
 5. Show proportion of our population gainfully employed
 6. List reasons for the conservation of our national resources

Evidences of Mastery

- E. Our natural resources and population
1. Show various ways in which our large natural resources have influenced our economic life
 2. Explain how the number, intelligence and energy of a people influence the utilization of its resources
 3. Point out significant population changes in the United States
 4. Describe some organized efforts now being made to conserve our natural resources

Notes by Teacher

II. CONSUMPTION

- A. Fundamental nature of consumption
- B. Wealth, wants, and utilities
- C. Motives for economic activity
- D. Laws of consumption
- E. Special aspects of consumption

Unit Objective

To study the nature of consumption and its relation to economic activity and to the welfare of individuals and society

Specific Objectives

A. Fundamental nature of consumption

1. To show the place of consumption in our economic system
2. To indicate the destructive nature of consumption
3. To note the different kinds of consumption

B. Wealth, wants, and utilities

1. To understand the real nature of wealth
2. To show that human wants are unlimited, and that this situation is favorable to social progress
3. To explain the meaning and kinds of utilities

Teacher Procedures

A. Fundamental nature of consumption

1. Discuss consumption in a primitive community
2. Show effect upon man where nature supplies most of man's needs
3. Discuss the consumption of a house, coal, lumber, a saw, a suit of clothes, etc., showing that destruction of utilities accompanies "final" consumption
4. Show how consumption may also be a productive process
5. Show how effects of the elements, in time, constitute "consumption"

B. Wealth, wants, and utilities

1. Give a definition and a classification of wealth
2. Discuss: free and economic goods, consumers' and producers' goods
3. Define utility and illustrate time, place, and form utilities
4. List the wants of an individual, showing the essential and non-essential; their variety; and the impossibility of satisfying all of them
5. Show how wants change from day to day and how gratification of one of them often produces others

Pupil Activities

A. Fundamental nature of consumption

1. Mention various articles produced or consumed in a primitive community
2. Try to think of goods produced for any purpose other than consumption
3. List various goods showing the time required for their consumption
4. List examples of
 - a. final consumption
 - b. productive consumption
5. Give reasons for large consumption per capita in the United States

B. Wealth, wants, and utilities

1. Make a list of ten articles and show how each is capable of satisfying want
2. Compare per capita wealth and standards of living of different nations and note the relationship
3. Compare the probable consumption of two men having the same salary income, one living in Chicago and the other in your town
4. Consider the possible value in having wants which cannot be satisfied now
5. List five great inventions and tell how they facilitate the satisfaction of human wants
6. List the chief ways in which utility can be added to goods
7. Note utilities added to cotton from the time it is picked until it is consumed in use as a dress

C. Motives for economic activity

1. Try to analyze the motives behind the economic activity of men in your community
2. Make a list of: ten necessities for yourself; ten comforts; ten luxuries

Evidences of Mastery

A. Fundamental nature of consumption

1. Was man first a consumer or producer?
2. Are all persons producers? Consumers?
3. Production and consumption are often called twins—discuss the relation
4. Illustrate difference between final and productive consumption
5. Discuss the growing importance of the consumption of leisure, and illustrate

B. Wealth, wants, and utilities

1. List the chief classes in the United States
2. Show that men having equal wealth may enjoy very different degrees of satisfaction
3. Can the total sum of human wants ever be satisfied?
4. Would society be better if people did not have so many wants?
5. Define and give chief classes of producers' goods
6. Name three kinds of utility and give examples of each
7. Discuss the effects of advertising upon wants and their satisfaction

Specific Objectives**C. Motives for economic activity**

1. To show that the fundamental motive back of nearly all economic activity is the desire to consume
2. To show the various ways in which this main motive manifests itself

D. Laws of consumption

1. To show that, while human wants as a whole cannot be satisfied, a condition of satiety can be reached with respect to single wants, thus emphasizing the law of diminishing utility
2. To study and illustrate the law of marginal utility

E. Special aspects of consumption

1. To study harmful forms of consumption
2. To show how conservation and thrift are related to consumption, and to show how substitution may aid in the practices of thrift
3. To study statistics on consumption and suggestions on the making of budgets

Teacher Procedures**C. Motives for economic activity**

1. Emphasize the desire to consume material goods or services as the basic motive for practically all economic activity
2. Discuss other motives
 - a. Desire for preservation of life—a goal scarcely attained by many people
 - b. Desire for comforts—a tremendous force in America
 - c. Desire for luxury and ostentation—its good and bad effects
 - d. Desire for power—benefits and evil aspects

D. Laws of consumption

1. Illustrate the law of diminishing utility in daily life
2. Show how variety of goods affects total consumption
3. Illustrate marginal utility, and show how it is involved whenever we buy goods
4. Illustrate consumer's surplus, and show how exchanges may benefit both buyer and seller
5. Discuss effect of rising and falling prices upon consumption

E. Special aspects of consumption

1. Discuss examples of harmful consumption furnished by pupils. Do not limit discussion to alcohol and tobacco, but include intemperance in eating, unbalanced diet, late hours, too many shows, etc.
2. Bring out relation between consumption (harmful and otherwise) and industrial efficiency
3. Emphasize the importance of living within one's income

Pupil Activities

3. Make similar lists for: one living in poverty; a millionaire
4. Name motives which are becoming more powerful in the United States to-day
5. Give a reasonable answer to the following question: Should we buy in the cheapest markets or from home producers?

D. Laws of consumption

1. Illustrate the law of diminishing utility and the law of marginal utility by recent purchases
2. List ten goods, first, in the order of their total utility, and then in the order of their marginal utility, explaining why the order is not the same
3. List the things you would buy if you had \$100 to spend
4. If you had \$200 state whether you would simply double the quantity of each item in your first list. Give the law that comes into play here

Evidences of Mastery

8. Why are consumers less organized than producers?

C. Motives for economic activity

1. Give the main motive behind the economic activity of man
2. Why do we not ordinarily think of "preservation of life" as a motive for economic activity as much as the acquisition of more comforts and luxuries?
3. Name three things generally considered necessities today, which in times past were considered comforts, and in still earlier times luxuries
4. Is the desire for luxury beneficial?
5. Are we in greater need of more leisure or more goods?
6. Do we produce to consume or to sell? Explain

D. Laws of consumption

1. Define diminishing utility, marginal utility, and consumer's surplus
2. Give an example of a good having a small marginal utility but a large total utility
3. Under what conditions will a purchaser of goods enjoy a large consumer's surplus?

References

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- Thompson, *Elementary Economics*, Chap. 19, Sanborn
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- Journal of American Statistical Association*, New York
- Public Health Reports*, U. S. Bureau of Public Health, Health Service, Washington, D. C.
- Journal of Home Economics*, Baltimore, Md.

Teacher Procedures

4. Illustrate budgets for family expenditures and study these in the light of Engel's law
5. Discuss minimum income needed for reasonable standard of living for a man with wife and three children
6. Discuss buying on the installment plan
7. Show whether it is possible for a people to exercise too much thrift; for an individual

Pupil Activities

- E. Special aspects of consumption
1. Give opinions of railroad officials, manufacturers, doctors, and supervisors of athletics as to forms of harmful consumption. Give examples of "unwise consumption"
 2. Discuss "personal liberty" in the light of our present social and industrial organization. To what extent should consumption be controlled?
 3. Define thrift and mention ways of saving that are available for high school pupils
 4. Estimates of our total national consumption, according to Hoyt (see reference), are distributed as follows: food, twenty-seven per cent; clothing, thirteen; shelter, twelve; fuel and light, four; sundries, forty; furniture and furnishings, two; tobacco, candy, soft drinks, and gum, five; education and reading, one; health, two; automobile, five; theatres, ball games, club dues, etc. three; cosmetics, writing materials, street car fares, contributions, etc. four; savings and insurance, twelve; taxes, ten. Compare the above budget with others

Evidences of Mastery

4. Show that both buyer and seller may enjoy a "surplus" in a given transaction
5. Would a five-day week tend to increase the volume of consumption?

E. Special aspects of consumption

1. Give examples of harmful consumption
2. How is consumption related to industrial efficiency?
3. Point out the fallacy: "The spendthrift benefits society by keeping money in circulation, making a market for more goods, and thus promoting employment"
4. Distinguish between thrift and parsimony
5. How does thrift aid society as well as the individual?
6. How may substitution encourage thrift?
7. Show the value of a budget to an individual or family
8. As the income of the family increases what changes would you expect in the percentage spent for food, clothing, etc.?

III. PRODUCTION

- A. Meaning of production
- B. Factors of production: land
- C. Factors of production: capital
- D. Factors of production: labor
- E. Factors of production: management
- F. Organization and control of production

Unit Objective

To show the nature, importance, and extent of production and the part contributed by each factor of production

Specific Objectives

- A. Meaning of production
 - 1. To show the meaning of the term production
 - 2. To show that producers render personal services as well as create utilities in material goods
 - 3. To make clear the meaning of the various kinds of utility: time, form, place
 - 4. To show that production is dependent upon four factors: land, labor, capital, and management
- B. Factors of production: land
 - 1. To make clear what is included under the term land
 - 2. To understand the law of diminishing returns, and its application to land
- C. Factors of production: capital
 - 1. To point out the different uses of the term capital and its meaning as a factor of production

Teacher Procedures

- A. Meaning of production
 - 1. Distinguish between goods and utilities
 - 2. Show that production means the creation of utilities in things and the furnishing of personal services
 - 3. Classify the various trades and industries with respect to the utilities added
 - 4. Name four productive factors present in every enterprise
 - 5. Show that we produce commodities for a market in order to secure a profit
- B. Factors of production: land
 - 1. Show that term land includes all natural resources, even climate
 - 2. Distinguish between land and capital
 - 3. Show that land may furnish standing room, natural forces that go with land, elements needed by plant life, and natural products below its surface
 - 4. Explain the law of diminishing returns by means of a diagram.
- C. Factors of production: capital
 - 1. Show that capital consists chiefly of physical goods such as: tools, machines, buildings, railroads, ships, etc. used in further production
 - 2. Show that capital is accumulated only when more is produced than is consumed

Pupil Activities

- A. Meaning of production
 - 1. Show that the physician and teacher are producers
 - 2. Make a list of productive activities
- B. Factors of production: land
 - 1. Suggest the most important natural resources included in land
 - 2. Give examples of the way land is economized in city and country
 - 3. Discuss the productiveness of various store sites
 - 4. Illustrate the law of diminishing returns
- C. Factors of production: capital
 - 1. Describe the process of capital accumulation
 - 2. Show the growing use of savings in endowing schools and hospitals
 - 3. Illustrate fixed, circulating, free and specialized capital goods
 - 4. Show how the individual and society both benefit from the exercise of thrift
- D. Factors of production: labor
 - 1. Give examples of division of labor in your community
 - 2. Show how the development of transportation facilitated the division of labor
 - 3. List articles of daily use in your community which could not be obtained without territorial division of labor
 - 4. Account for the disappearance of the village blacksmith
 - 5. Discuss the wisdom of restricting immigration under present conditions
 - 6. Cite recent instances of industries increasing their output with fewer laborers employed

Evidences of Mastery

- A. Meaning of production
 - 1. Show that the purpose of production is the creation of utilities
 - 2. Discuss the increasing volume and significance of personal services
 - 3. Show that land, labor, capital, and management are necessary for all production
- B. Factors of production: land
 - 1. Define land and list its uses
 - 2. Show that the law of diminishing returns is a guiding factor in the utilization of natural resources
- C. Factors of production: capital
 - 1. Show that creation and maintenance of capital involve saving as well as production
 - 2. Discuss the increasing importance of the use of capital in production
 - 3. Give examples of how the increased use of machinery has made possible a larger per capita production
- D. Factors of production: labor
 - 1. Show that a nation's productive power depends upon the attitude and the intelligence of labor as well as upon numbers

Specific Objectives

2. To explain the origin of capital and the motives for accumulation of capital
3. To distinguish between fixed and circulating capital; free and specialized capital

D. Factors of production: labor

1. To show that labor is human exertion of mind or body undergone with the object of creating values
2. To point out the factors determining the quantity and efficiency of a nation's labor supply
3. To understand the meaning of division of labor and the factors which have contributed to its development

E. Factors of production: management

1. To describe the function of the entrepreneur in combining labor with land and capital in all production
2. To explain the law of decreasing returns as applied to all the factors of production
3. To show the importance of the entrepreneur in present day production

F. The organization and control of production

1. To get a picture of the background of the present factory system, visualizing the steps in its development

Teacher Procedures

3. Discuss the depreciation of capital
4. Comment on the accumulation of capital in America and its effect in increasing production per capita

D. Factors of production: labor

1. Emphasize these distinctive characteristics of labor: inseparability from persons, perishability, immobility
2. Show relation of the number and make-up of population to the supply of labor
3. Show that increase in population depends upon natural increase and immigration
4. Explain Malthusian theory of population and the necessity of restricting the supply of labor
5. Give economic reasons for the restriction of immigration
6. Show that the purpose of division of labor is to increase production and show how it does so
7. List the kinds of division of labor and describe their social consequences
8. Show that division of labor is dependent upon transportation and exchange

E. Factors of production: management

1. Show that the real task of the entrepreneur is that of combining the factors of production in their proper proportion
2. Describe the part played by the entrepreneur in various local industries
3. Show how the laborer and the entrepreneur are usually the same person in agriculture and many small enterprises

Pupil Activities**E. Factors of production: management**

1. Name several captains of industry and discuss the importance of their services
2. Show how China might profit by having 1,000 of our best organizers
3. Point out the waste of social resources involved in unwise enterprises and the responsibilities of entrepreneurs
4. Show why American farmers do not produce as much per acre as European farmers.

F. Organization and control of production

1. Explain what is meant by the factory system
2. List wastes of competition in retailing resulting from duplicated efforts in delivery, advertising, rents, lighting, etc.
3. List the advantages and disadvantages of each of the three principal forms of business organization
4. Distinguish between common stocks, preferred stocks, and bonds
5. Discuss the relation of division of labor to large scale production
6. Point out conditions favoring large scale production

Evidences of Mastery

2. Explain how the division of labor increases production
3. Show how widening markets make for greater division of labor
4. Show that all productive labor is honorable
5. Show that extensive training is required for many grades of labor
6. Show the approximate number of gainfully employed in our chief industries

E. Factors of production: management

1. Name the risk takers in the United States steel corporation; in four local industries
2. Name the qualities needed to be a successful entrepreneur
3. Is it right that the entrepreneur should receive higher wages than others?

F. Organization and control of production

1. Show that the present factory system is young as compared with agriculture; that its rapid development was made possible by the advent of power machinery
2. Show that our economic system is dominated by competition although monopoly conditions prevail in some important fields of industry

Specific Objectives

2. To evaluate the principal types of business organization: single enterpriser, partnership, and corporation
3. To consider the effects of competition, monopoly and government control in the field of production

References

- Davenport, *Economics of Enterprise*, Chap. 22, Macmillan
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Teacher Procedures

- F. Organization and control of production
1. Show that the single enterpriser is the most common form of business organization, but that about 80% of the value of our manufactures is produced by corporations
 2. Discuss the advantages and disadvantages of the partnership and the corporation as forms of business organization
 3. Show for which type of enterprise each of the forms of business organization is best suited
 4. Discuss the advantages of large scale production
 5. Describe the financial structure of well-know corporations

Evidences of Mastery

3. Distinguish between large scale production and monopoly
4. Show why we have large scale production in the automobile and meat packing industries, but small scale production in agriculture
5. Show that increased production *per capital* is dependent upon enlarging the supply of capital and raising the skill of management

Notes by Teacher

IV. VALUE AND PRICE

- A. Significance in an exchange economy
- B. Competitive price determination: market price
- C. Competitive price determination: long term price
- D. Price determination under monopoly

Unit Objective

To teach the importance of the price factor in our economic system and the process through which price is determined under competitive conditions, and likewise under monopoly conditions

Specific Objectives

A. Significance in an exchange economy

1. To show that we live under an exchange economy and to contrast this with a society of self-sufficient members
2. To indicate the paramount importance of price under an exchange economy
3. To make clear the meaning of value and the meaning of price as the terms are used by economists
4. To indicate, in a general way, what is involved in the notion of a competitive system

B. Competitive price determination: market price

1. To show the nature of individual demand and supply schedules, and of market demand and supply schedules

Teacher Procedures

A. Significance in an exchange economy

1. Contrast our exchange economy with primitive man's method of obtaining a living with that of the early settlers in this country, and note the part played by price in each instance
2. Explain that it is not the total amount of one's output which determines how many goods and services he can have to enjoy; rather it is the ratio between two sets of prices—the prices of the goods (or services) he has to offer and the prices of the things he desires to buy. Interpret *price* broadly to include wages, interest, rent
3. Show that value is a market phenomenon and means power in exchange. Value expressed in terms of money is price
4. Emphasize these two aspects of competition: individual freedom in economic activity, and the profit motive
5. Show that the competitive process of price determination is modified by custom, law, monopoly, as well as by non-economic motives

B. Competitive price determination: market price

1. Discuss the characteristic procedure at an auction sale, pointing out that it resembles a true competitive market, aside from the fact that in the latter there are many sellers as well as many buyers

Pupil Activities

A. Significance in an exchange economy

1. Draw up a list of articles presumably owned by primitive man; by an early settler in Iowa; by a modern family. Show the part played by price in securing each of these groups of articles
2. Show that changes in the prices of agricultural products may cause radical changes in the size of a farmer's income, even though he may continue to produce about the same volume of crops from year to year
3. Suggest articles at home which are highly "valued" by the members of the family, but whose power in exchange is practically nil
4. Discuss this proposition: The desire for gain is the most powerful and the most widely felt of all human motives
5. What forces, in addition to competition, tend to influence the price of each of the following things, postage stamp, wheat, steel, leather, milk, firemen's wages, doctor's fee, tax, Ford automobile, new textbook, theatre tickets, package of gum, railroad rates, bricklayer's wages, coca cola, daily paper, piano lessons, subscription to church, pencil, Florsheim's shoes
6. Indicate items in the above list in which competition seems to operate most powerfully. Explain

B. Competitive price determination: market price

1. Let each pupil draw up either a demand schedule for a buyer or a supply schedule for a seller, of some raw material. Combine these during the recitation and graph the results, thus determining an approximate market price at the moment

Evidences of Mastery

A. Significance in an exchange economy

1. Explain how each of the following men might find his income increased without any change in the character or the amount of the goods or services he is producing: banker, lawyer, house owner, cotton farmer, miner, merchant, and contractor
2. Assuming that a person's income remained the same, show nevertheless how in the course of time certain economic changes might prevent him from living as comfortably as before
3. Discuss the meaning of this sign in a store window: Value, \$100; price, \$75
4. Prove that there is (or is not) competition between automobile manufacturers and steamship lines; moving picture producers and candy manufacturers; dentists and summer resort owners; butchers and bakers

B. Competitive price determination: market price

1. Show the relation between the principle of marginal utility and the individual demand schedule
2. Consider these two statements

Specific Objectives

2. To explain the process by which market (momentarily) price is determined
3. To explain why current retail prices seem to contradict so many "economic truths"
4. To explain the expression, elasticity of demand, and to picture clearly the circumstances which help to determine the degree of elasticity in any given case

Teacher Procedures

2. Draw up a series of individual demand schedules for buyers and a series of individual supply schedules for sellers, dealing in wheat. Combine the individual schedules to form market schedules. Graph these and show that, at the moment, there is only one price which equalizes demand and supply
3. Show that market conditions are constantly changing, resulting in fluctuating prices
4. Show that the process by which retail prices are determined is affected by many non-economic factors which destroy its value as an example of the action of fundamental economic forces
5. Explain that elasticity of demand has to do with the responsiveness of buyers to price changes
6. Point out that elasticity is a matter of degree only, there being no commodity for which the demand is wholly elastic or wholly inelastic

C. Competitive price determination: long term price

1. Long run price may be explained by the use of a graph in which the two curves represent *rate* of production (supply) and *rate* of consumption (demand) respectively, the point where the lines cross indicating the price which will make the two rates equal. Point out that *this* is the price about which market price constantly hovers and towards which it constantly tends (bearing in mind the fact that long run price itself is also changing with alternations in production and consumption). Interpret the supply curve as a cost of production curve also

2. Stress the principle that cost of production affects price *only* through supply

C. Competitive price determination: long term price

1. To explain the term, long run normal price, and the relation thereof to cost of production
2. To show the process by which long run normal price is determined

Pupil Activities

2. Draw up a list of new developments which might bring about an increase in "demand"; likewise a list that might cause an increase (or decrease) in "supply". Recast individual demand schedules on the new basis and note the effect on market price
3. Show which is correct: to speak about wheat markets or the wheat market; ice markets or the ice market. Explain
4. It is assumed by some people that merchants are able to fix the prices of the goods which they sell. If this is true, show why merchants do not charge high prices, make large profits, retire from business early, and go to California to live
5. Make a list of ten articles for which the demand is relatively inelastic; and a list of ten articles for which the demand is relatively elastic. Give reasons for the classification of each

C. Competitive price determination: long term price

1. During the Middle Ages each commodity was presumed to have a "just price". Find out just what the people of those days meant by a just price, and how it was determined. Can you find any evidence of the existence of a similar belief to-day?
2. Explain carefully what it is that prevents the selling price of an article from remaining below its cost of production for any considerable period of time; from remaining above its cost of production
3. Explain why Iowa farmers do not raise 150 bushels of corn per acre. Such yields are frequently obtained in contests

Evidences of Mastery

- a. The greater the demand the higher the price
- b. The higher the price the less the demand
3. Discuss the medieval belief that in every exchange of goods one of the parties involved lost what the other gained
4. Discuss the advantages of being the manufacturer of a product for which the demand is relatively inelastic, bearing in mind the character of the demand for most grains

C. Competitive price determination: long term price

1. Harmonize these statements
 - a. Price is a matter of supply and demand
 - b. An article is worth what it will bring in the market
 - c. Price is determined by cost of production
2. Show that price fixing under a competitive system can be effective only when control is extended over production
3. Suppose it were known that corn was selling below its cost of production. Map out a national program to remedy this situation. Map out a program for the individual farmer

Specific Objectives

D. Price determination under monopoly

1. To explain the meaning of monopoly price
2. To describe the method followed by the monopolist in fixing his price
3. To point out the limiting factors which serve to restrict the monopolist

References

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Teacher Procedures

3. Point out that under a competitive system price is the regulator of demand and supply as well as being determined itself by the interplay of the forces of demand and supply

D. Price determination under monopoly

1. Show that a monopoly exists whenever a producer can control a large enough proportion of the output to virtually fix the price. Such a price is a monopoly price
2. Point out that the monopolist is interested in gaining the largest possible net income over a long period of time from the sale of his product
3. Explain that as the monopolist raises or lowers the price of his product there are accompanying changes in volume of sales and in unit costs of production, and hence in net income
4. Discuss the various circumstances, aside from costs, which may induce the monopolist to accept something less than the largest net income during a given period

Pupil Activities

4. Explain why the government does not fix the prices of all commodities as it does those of postage stamps, railroad fares, and the salary of the president of the United States
5. Answer the following and give your reasons: If the price of corn is less than it costs the farmer to produce it, should he destroy part of his crop in an endeavor to force the price higher? Is it "wicked" to dump potatoes in the ocean for the same purpose?

D. Price determination under monopoly

1. List local examples of "monopoly" that the pupils can suggest
2. Assume that the members of the class constitute a company holding control of the manufacturing rights of a self-winding watch. Map out a procedure for determining the "best" monopoly price, or prices
3. Investigate and determine whether the following establishments meet with competition in the community; railroads; telephone company; post office; electric light and power company

Evidences of Mastery

D. Price determination under monopoly

1. Show that the monopolist in fixing his price is influenced by each of the following factors: cost of production, government regulation, potential competition, elasticity of demand
2. Discuss the proposition that monopoly price is high price
3. If A has a monopoly of fur coats and B has a monopoly of coal, show which is more likely to charge an exorbitant price. Why?

V. MONEY AND BANKING

- A. Money: characteristics, functions, kinds
- B. Money: bimetalism
- C. Money: value
- D. Banking: principles, institutions

Unit Objective

To teach the essential characteristics of sound money and the fundamental elements of a stable banking system

Specific Objectives

A. Money: characteristics, functions, kinds

1. To indicate the various commodities which have served as money, and the apparent reasons for their use in each case
2. To describe the qualities which an ideal money commodity must possess; and to show that gold has these characteristics in a higher degree than any other one commodity
3. To teach the chief functions of money
4. To show the nature of coinage and the necessity for its control by the government
5. To draw a sharp distinction between standard money and other kinds of money

B. Money: bimetalism

1. To distinguish between bimetalism and monometallism

Teacher Procedures

A. Money: characteristics, functions, kinds

1. Show the difficulties involved in effecting exchange by means of barter
2. Name numerous articles which have been used as money, and discuss the characteristics that a good money commodity must have
3. Draw a distinction between the use of tobacco as money, and its appearance merely as one commodity in a barter transaction
4. Describe the important functions performed by money
5. Indicate the purpose of coinage and the reason why the right of coinage is reserved to the federal government
6. Classify the different kinds of money in circulation and display samples of each kind
7. Show that standard money is different from other kinds in that its value is due to the value of the material of which it is made; that it is the only money which has free and unlimited coinage; and that all other kinds of money must be promptly convertible into it

B. Money: bimetalism

1. Distinguish carefully between monometallism and bimetalism
2. Indicate the difficulties involved in a bimetallic system. Draw illustrations from our own monetary history

Pupil Activities

A. Money: characteristics, functions, kinds

1. List various commodities that have served as money
2. Would diamonds serve well as a medium of exchange? Explain
3. Give examples where you have used money as a medium of exchange; as a measure of value; as a basis of credit
4. List disadvantages of barter exchange
5. Explain why alloy is used in the coinage of gold and silver
6. State why the value of gold changes so little during short periods of time
7. Point out the advantages in the use of representative money
8. Suppose a bushel of shelled corn were made the standard money unit: Would gold lose its value? Why? What would happen to the value of corn? Point out the difficulties that might be involved. Would Iowa farmers be poorer or richer as a result?
9. Explain why the federal government does not pay its expenses by printing an additional amount of paper money rather than by collecting taxes from the people

B. Money: bimetalism

1. Explain the circumstances under which gold will be undervalued at the mint under a bimetallic system
2. Answer and explain: Did gold or silver circulate in this country between 1792 and 1834; following 1834?
3. Explain why the silver mine owners were anxious to establish a bimetallic system in this country during the seventies and eighties
4. Illustrate the operation of Gresham's law

Evidences of Mastery

A. Money: characteristics, functions, kinds

1. Point out the advantages of money exchange over barter exchange
2. Explain why gold is used so widely as a standard money
3. Name and illustrate the chief functions performed by money
4. Show that the exchange of eggs for groceries is not barter
5. Show how it is possible for the value of gold to fluctuate while its price remains stable
6. Describe the security which underlies each kind of money in circulation
7. Explain why the value of "greenbacks" changed so frequently during the Civil War
8. State why the government does not allow each person to coin his own money in the same fashion that he writes his own checks

B. Money: bimetalism

1. Describe the probable procedure of dealers in precious metals under a bimetallic system assuming a mint ratio of 16 to 1, and a market ratio of 17 to 1

Specific Objectives

2. To show the difficulties involved in the maintenance of a bimetallic system, including the operation of Gresham's law
3. To teach the significance of the following dates and terms in the monetary history of the United States: 1792, 1834, 1853, 1873; Revolutionary Bills of credit, "Greenbacks", Bland-Allison Act, Sherman Silver Purchase Act, Gold Standard Act

C. Money: value

1. To show that the value of money is not constant and to indicate the principal factors determining its value

D. Banking: principles, institutions

1. To show the probable origin of banking in the activities of the medieval money lenders
2. To distinguish among the functions of savings banks, investment banks, and commercial banks
3. To describe the establishment and to trace the early growth of a fictitious commercial bank by means of a series of simple bank statements
4. To define a bank check and to explain its use
5. To describe the salient features of the national banking system and the nature of national bank notes

Teacher Procedures

3. Show the connection between the struggle for the restoration of bimetallicism in this country and the Bland-Allison Act and the Sherman Silver Purchase Act
4. Explain why the operation of Gresham's law fails to drive our standard money out of circulation, leaving only subsidiary coins

C. Money: value

1. By means of charts point out the sharp rise in prices that has characterized war periods, as well as the long run trend of prices
2. Explain the construction and use of index numbers
3. Distinguish between an advance in the general price level and an increase in the price of individual articles, and likewise between the probable causes

4. Show that an increase in the supply of money tends to lower its value in the same manner as an increase in the supply affects the value of any commodity
5. Show that it is the purchasing power of an income, as measured in terms of goods customarily bought, that is important and not the number of dollars received

D. Banking: principles, institutions

1. Show how the services of the medieval goldsmiths in providing a safe place for keeping of money developed gradually into the institution of banking
2. Indicate the numerous services which banks perform
3. Show the differences in the peculiar functions of commercial banks, savings banks, and investment banks

Pupil Activities

C. Money: value

1. Show how one measures a rise or fall in the general price level
2. Explain how the value of money would tend to be affected by the opening of new gold mines; an increase in population; an increase in savings; a change in the weight of the gold dollar; a change in the weight of the silver dollar; an increase in the rapidity of the circulation of money; an increase in the volume of trade; an increase in the production of goods; increased use of checks
3. Show whether the British Empire enjoys any peculiar advantages because it contains the most productive gold mines

D. Banking: principles, institutions

1. Explain why the government finds it necessary to regulate banking so strictly whereas most businesses, grocery stores for example, are relatively free of restrictions
2. Point out the difference between bank deposits and bank notes
3. Explain the items in a bank statement from a local bank and illustrate how these would be changed by various bank transactions
4. Tell what a private bank is. Are there any in your community? Why are there so few banks of this type?
5. Examine a bank check to see how many names appear on it. What relation does each bear to the check?
6. Explain why most people prefer to pay by check rather than by cash except when the amount involved is very small
7. Explain what is shown by the fact that in most communities many business men and farmers are in debt to the local banks. Does this indicate that these persons are in poor circumstances? What then?

Evidences of Mastery

2. Explain the origin and meaning of the expression, "the crime of '73'"
3. Explain why silver does not drive out gold to-day

C. Money: value

1. Suppose the general price level were to rise markedly during the next five years, would this tend to stimulate gold mining operations; silver mining operations? Explain
2. Explain how each of the following classes is affected by a rising price level: debtors, men on salaries, merchants, persons dependent on income from investments, endowed institutions
3. Describe the probable effect on the general price level were this country to establish a system of bimetallicism

D. Banking: principles, institutions

1. Distinguish between national banks, state banks, and private banks
2. Mr. Smith who carries an account at the First National Bank gives his check for \$50 to Mr. Green, his grocer, who has an account at the City State Bank. Trace the course of this check until it returns eventually to Mr. Smith

Specific Objectives

6. To describe the framework of the federal reserve system and its principal functions
7. To describe the structure of the federal farm loan system and its services

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Teacher Procedures

4. Examine the bank statement and explain the meaning of the chief items appearing thereon
5. Explain the nature of a transaction in which deposits arise as a result of placing additional cash in the bank; and one in which deposits arise as a result of a loan. Also show the effect of each of these transactions on the bank statement
6. Indicate the great economics involved in the use of deposit currency
7. Describe the function of a clearing house
8. Describe the circumstances occasioning the establishment of the national banking system
9. Explain why national bank notes are secured, but inelastic
10. Show that the circulating medium must be safe, uniform, convenient to use, and elastic
11. Describe the principal features of the organization, supervision, and ownership of the federal reserve banks
12. Explain the chief functions performed by these institutions
13. Account for the elasticity of the federal reserve notes
14. Describe the principal aspects of the organization, supervision and ownership of the federal farm loan banks
15. Explain the chief function of these banks

Pupil Activities

8. Give reasons why banks fail in spite of the strict governmental supervision
9. Explain who suffers when a national bank becomes insolvent, the depositors or those who hold its notes
10. State precisely what a banker does when he rediscounts commercial paper
11. Compare the written material and the names appearing on a national bank note with the same data on a federal reserve note
12. State the purposes for which farmers may borrow from the federal farm loan system.

Evidences of Mastery

3. Explain why a bank wishes to loan money
4. Explain why a bank's capital is a liability
5. Try to harmonize these two facts: Merchants urge people to spend their money, bankers urge them to save it
6. Account for the fact that deposits are so much larger than the amount of cash held by any particular bank and yet the bank remains solvent
7. Explain why the federal reserve banks are called bankers' banks
8. Explain how it is possible for the federal farm loan banks to loan money to farmers at such low rates of interest when compared with rates formerly paid

VI. DISTRIBUTION

- A. Its meaning and significance
- B. Rent
- C. Wages
- D. Interest
- E. Profits

Unit Objective

To gain a knowledge and appreciation of the principles underlying the division of the social income among the factors of production and among individuals

Specific Objectives

A. Its meaning and significance

1. To understand the meaning and significance of distribution under a system of private property
2. To explain the term, social income
3. To show how the social income is distributed according to the principle of marginal productivity
4. To show that the law of diminishing productivity affects the return to each factor of production

B. Rent

1. To define rent and show its origin
2. To explain the process by which rent is determined

Teacher Procedures

A. Its meaning and significance

1. Show that distribution does not refer to the movement of goods
2. Give examples of the process of distribution
3. Discuss the basic assumptions underlying the theory of marginal productivity
4. Illustrate the operation of the law of diminishing productivity
5. Distinguish between real and nominal income
6. Illustrate the part played by bargaining in the determination of interest rates, wages, and prices

B. Rent

1. Show that the rent of land is affected by both fertility and location
2. Explain what is meant by marginal land
3. Explain that rent arises as soon as the best grade of land is all utilized
4. Point out that economic rent with respect to any piece of land exists only when its yield exceeds that of marginal land
5. Show that existence of economic rent makes the payment of contract rent possible
6. Show that urban rents vary primarily with location

Pupil Activities

A. Its meaning and significance

1. Discuss the meaning and importance of distribution
2. Analyse the term, social income
3. Illustrate marginal productivity as applied to wages
4. Show how the wages of a farm hand and a clerk are influenced by the bargaining process

B. Rent

1. Account for the variation in rents on selected farms in your community
2. Show that the price paid for the use of improved farms or improved business sites includes the interest on capital
3. Discuss the relation of economic rent to density of population
4. Compare the prices charged for goods and services by those occupying high rent sites with those occupying low rent sites
5. Assuming an interest rate of 5% and a net rental of \$6.00 per acre, determine the value of a farm of 160 acres

C. Wages

1. Account for the attitude of organized labor toward immigration
2. Show that labor tends to receive a wage corresponding to its contribution to production
3. Show how wages are influenced by collective bargaining
4. Give examples where the demand for the product of an industry increased the demand for labor
5. Give examples of variation in wages and account for the differences

Evidences of Mastery

A. Its meaning and significance

1. Point out the problems involved in the process of distribution
2. Show that our system of distribution is founded on the institution of private property
3. Point out the sources of social income
4. Explain the marginal productivity theory of distribution

B. Rent

1. Define rent and distinguish between economic and contract rent
2. As poorer land is brought under cultivation the economic rent of better land increases. Explain
3. Explain why contract rent often differs from economic rent
4. Show that the value of a farm depends mainly upon the amount of its rent

5. Explain why apartments rent for so much more in Chicago than in small towns
6. Explain the relation between economic rent and the prices of agricultural products

C. Wages

1. Show how increasing population tends to affect the rate of wages

Specific Objectives

3. To distinguish between contract rent and economic rent
4. To stress the importance of location in determining urban rents
5. To show that the market value of land depends primarily upon its rent
6. To point out that rent does not enter into the price of commodities
7. To show the relation between rent and social progress

C. Wages

1. To describe conditions affecting the supply of and the demand for labor
2. To explain the process by which wages are determined
3. To account for differences in wages
4. To show how wages are affected by the use of tools and machinery
5. To explain the advantages and disadvantages of various systems of wage payments
6. To distinguish between real wages and nominal wages
7. To show the economy of high wages

D. Interest

1. To define interest and show why it can be paid

Teacher Procedures

7. Illustrate how the value of land is determined by the capitalization of rent
8. Explain why economic rent does not enter into the price
9. Explain the effects of a growing population upon rents

C. Wages

1. Show how the supply of labor depends upon the make-up and character of the population as well as upon its members
2. Show that the demand for labor is a demand for goods
3. Show that wages are determined by the same forces which determine other prices
4. Explain the law of marginal productivity as applied to wages
5. Explain the subsistence theory of wages
6. Show why the introduction of machinery tends to increase real wages
7. Explain how real wages are calculated
8. Show how the supply of labor in any line of work is affected by: training required, responsibility assumed, agreeableness, and chances of advancement

D. Interest

1. Review the analysis of capital (Unit IV) and show that the borrower is interested in goods, not money
2. Show that capital accumulates only when production exceeds consumption
3. Show that the return to capital is determined by what it adds or contributes to production
4. Show how the rate of interest is affected by changes in the demand and supply of capital

Pupil Activities

6. Cite recent examples of increased output per operator resulting from the introduction of improved machinery
7. Illustrate the different systems of wage payments and give the advantages of each
8. Compare real and money wages of labor in 1920 with real and money wages today
9. Show the relation between low standards of living and the efficiency of labor

D. Interest

1. Present examples illustrating the purposes for which commercial and industrial loans are negotiated
2. Show the relation between the interest rate and the rate of saving
3. Show that the present use of goods is valued above the future use of the same goods
4. State what conditions might induce entrepreneurs to raise their bids for new capital
5. Trace the movement of interest rates on government bonds since 1850 and account for fluctuations
6. Account for the difference in the rate of interest on real estate loans and on government bonds
7. Explain why the interest rate is high in a new country
8. Account for the difference in the rate of interest in periods of prosperity and depression
9. Show why the rate of interest tends to rise in a period of prosperity

Evidences of Mastery

2. Show that wages tend to equal the amount which labor adds to production
 3. Discuss possibilities of increasing wages in the United States
 4. Give reasons why a physician receives more pay for his services than a common laborer; why a woman receives less than a man for the same work
 5. Give examples showing that the demand for goods is a demand for labor
 6. Account for the increase in real wages accompanying the wider use of machinery
 7. Select the two systems of wage payments that you consider the best, and give reasons for your choice
 8. Show under what conditions nominal wages may increase while real wages decrease
 9. Account for the difference in rates of wages between Europe and the United States
 10. Show the relation between efficiency of labor and high standards of living
- D. Interest**
1. Show that interest is paid for the use of capital, not money

Specific Objectives

2. To explain why interest must be paid
3. To explain the process by which the rate of interest is determined
4. To show the factors affecting the market rate of interest
5. To describe the conditions affecting the demand for capital during different phases of the business cycle

E. Profits

1. To distinguish among the various uses of the term, profits
2. To show that profits differ fundamentally from the other distributive shares
3. To describe the conditions under which profits arise
4. To distinguish between competitive and monopoly profits
5. To show the profits motive and its significance
6. To show the necessity of regulating monopoly profits

Teacher Procedures

5. Point out the factors affecting the demand for and supply of capital
6. Show that the rate of interest tends to vary with the attractiveness of opportunities to use new capital
7. Explain the difference between pure interest rate and the market rate
8. Illustrate how the demand for capital varies in different phases of the business cycle

E. Profits

1. Illustrate the different uses of the term, profits
2. Show that in any enterprise profits arise only when the selling price exceeds the cost of production
3. Show that the cost of production includes a competitive wage for the entrepreneur
4. Show that profits exist only because the competitive system works imperfectly
5. Cite examples to show that prospective profits tend to vary directly with the degree of risk involved
6. Point out that profits constitute the measure of success in the business world
7. Show that monopoly profits depend upon control, whereas competitive profits owe their existence to risk

Pupil Activities

E. Profits

1. Determine the gross and the net profits: cost of goods \$50,000, hired help \$3,000, sales of goods \$65,000, interest on loans \$1,000, rent \$1,200. The entrepreneur has a standing offer of a position with a chain store at \$3,000 a year
2. Show by examples that all business involves risk and that the return for successful risk taking is net profit
3. State why most efforts to regulate profits are centered upon monopoly rather than upon competitive profits
4. Show why new industries seem to offer opportunities for greater profit than established industries
5. List new factors affecting the profits in the grocery business to-day

Evidences of Mastery

2. Show how it is profitable to borrow capital
3. List conditions which tend to bring about an increase in the supply of capital; in the demand for capital
4. Describe changes in the present business situation which might cause interest rates to rise; to fall
5. Account for the movement of land prices in the presence of rising interest rates
6. Show the factors which determine the market rate of interest
7. Explain the movements of the interest rate during different phases of the business cycle

E. Profits

1. Point out how profits differ from the other distributive shares
2. Distinguish between gross and net profits
3. Account for the great variation in profits among industries, and between units in the same industries at a given time; for variations in the same industry at different times
4. Show that farming involves greater risks than most other industries

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Evidences of Mastery

5. Show how competitive profits differ from monopoly profits in origin
6. State the effect of more general diffusion of business training and education upon net profits
7. Describe the methods used in regulating the profits of public utilities and railroads

Notes by Teacher

VII. SELECTED ECONOMIC PROBLEMS

- A. Transportation and communication
- B. Agricultural problems
- C. International trade
- D. Business cycles

Unit Objective

To analyze certain major economic problems in the light of principles developed in this study

Specific Objectives

A. Transportation and communication

1. To show the tremendous importance of transportation and communication in our modern economic system
2. To reveal the complex nature of transportation problems
3. To show the need of regulation, its nature and extent
4. To show the tendency toward consolidation and its advantages

B. Agricultural problems

1. To show that the problems of agriculture become increasingly important despite the growth of manufacturing industries
2. To understand the forces back of the population movement to the city

Teacher Procedures

A. Transportation and communication

1. Show how completely modern society is dependent upon transportation
2. Trace the development of transportation in the United States from turnpikes and canals to railroads, paved roads and airways
3. Show the continuous process of railway consolidation and point out its advantages
4. Show why state regulation gave way to federal regulation
5. Explain the chief functions of the Interstate Commerce Commission
6. Give examples showing why discrimination is such a large problem in the field of transportation
7. Show how the problem of determining rates is made complex by great variations among the railroads as to construction costs, density of traffic, length of haul, one way traffic, seasonal traffic, value of commodities hauled, weather and geographical differences, capitalization, etc.

B. Agricultural problems

1. Review the law of diminishing returns (Unit III)
2. Show how the disappearance of free land has intensified many of our agricultural and other economic problems

Pupil Activities

A. Transportation and communication

1. List the chief shortcomings of canal transportation
2. Secure statistics of railway construction by decades, and compare the present total with mileage in rest of world
3. Find out what proportion of the total operating revenues are derived from freight charges
4. Show how water competition affects railroad rates
5. List some of the chief factors which help determine railroad rates
6. List chief features of the Transportation Act of 1920
7. Show whether a passenger should expect to ride through Colorado at the same rate per mile as in populous Ohio
8. Show the necessity for large units and coöperation in the field of communication

B. Agricultural problems

1. List forces making for larger farms; those working for smaller farms with more intensive cultivation
2. Find out whether per capita production of cereals and live stock is rising or falling. Give reasons
3. Secure statistics showing the trend of farm tenancy in Iowa and the nation
4. Find out if the decline in rural population has resulted in a decline in agricultural production. Give reasons
5. List evidence tending to show that there are too many in our cities; in the country. Which view is correct?
6. Account for the increasing use and variety of farm machinery

Evidences of Mastery

A. Transportation and communication

1. Why did rail transportation have its greatest and most rapid development in the United States?
2. Why are railroad rates fixed by public authority instead of by competition?
3. Why should the freight rates be so much higher on steel than on coal?
4. Why should railroads be regulated to a greater degree than automobile manufacturers?
5. What was the significance of the O'Fallon railroad decision?

6. Should commercial trucks pay special taxes to maintain highways? Why or why not?
7. What canal and waterway developments are now being advocated for the United States?
8. Since rates are fixed by public authority rather than by competition, should an investor in railway securities be assured a reasonable return?

B. Agricultural problems

1. What are the ten most important agricultural commodities according to the value of output?

Specific Objectives

3. To explain the increase of tenancy and farm indebtedness
4. To explain provisions for supplying agricultural credit
5. To study measures for farm relief, including aid to coöperative marketing
6. To show that the equality of agriculture cannot be maintained without providing rural children with educational facilities equal to those available to urban children

C. International trade

1. To show the purpose and advantages of international trade
2. To show factors determining which commodities will be exported and imported
3. To picture our present international trade position
4. To show the effects of international loans upon imports and exports
5. To explain the chief features of foreign exchange operations

D. Business cycles

1. To describe the business cycle
2. To show causes and effects of fluctuations in the volume of trade and industry

Teacher Procedures

3. Discuss forces affecting the size of the farm and the amount of tenancy
4. Account for the large farm mortgage indebtedness in Iowa
5. Explain special provisions made for supplying agricultural credit through the federal farm loan system, the intermediate credit banks, and the Iowa warehousing law
6. Explain the purpose and provisions of the Hoover farm relief legislation
7. Discuss the benefits of coöperative marketing to agriculture. Give examples
8. Show how dealings in futures on the Board of Trade tend to stabilize prices of farm products
9. Show that farmers who own their farms and produce regardless of a fair return on their labor and invested savings constitute one of the most difficult obstacles to securing a fair return to agriculture. Compare it to competition of subsidized labor

C. International trade

1. Show that all trade consists of an exchange of goods and services for other goods and services
2. Show how foreign trade is complicated by the use of different units of money, by trade barriers, etc.
3. Explain advantages of international trade resulting from greater division of labor and lower costs of production
4. Define a favorable balance of trade and show that it can not be continuous for a nation
5. Discuss our national policy toward international trade
6. Show how the World War affected our foreign trade and changed us from a debtor to a leading creditor nation

Pupil Activities

7. List four important agricultural commodities which would be aided by tariff duties; four which would not (See Unit IX)
 8. Cite examples of local farm coöperative associations
 9. Show that the price of any farm commodity of which we produce a surplus cannot be higher than that obtained in a foreign market for the surplus
- C. International trade
1. Show that international trade means territorial division of labor
 2. Secure examples of two kinds of tariff duties now in force
 3. List the arguments for protection
 4. List the arguments for free trade
 5. List the six leading exports from the United States and our chief advantages in the production of each
 6. List the six leading imports and our chief disadvantages in the production of each
 7. Study world international trade maps showing for each nation the volume of imports, exports, and production of each commodity entering international trade. See reference
 8. Compare a foreign bill of exchange with a domestic bill of exchange
 9. Show how loans and imports and exports of gold tend to affect the rates of exchange

Evidences of Mastery

2. What are the disadvantages of farm tenancy?
3. Would agriculture be better off if the movement of population to the city would cease? Explain
4. Cite examples of machinery displacing hired help
5. Farming is commercialized to-day. Explain and illustrate
6. Having advantages in every way, including richer soil, why do we produce much less per acre than the European farmer?
7. What would be the result if we dumped a farm surplus abroad in accordance with any of the various proposals advanced?
8. Review study of demand and supply (Unit IV) and discuss the possibilities of farm relief (a) by lowering costs of production, (b) by reduced production, (c) by government established prices

C. International trade

1. Show that international trade rests upon territorial division of labor

Specific Objectives

3. To note suggestions for lessening the swings of the business cycle
4. To point out the social and individual losses that might be greatly reduced by more stable production

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Teacher Procedures

7. Define foreign exchange
8. Explain the various items appearing on each side of our international balance sheet
9. Explain par of exchange and the factors affecting the rates of exchange

D. Business cycles

1. Use charts showing how periods of prosperity and depression have alternated in the past
2. Describe the cycle ending with the depression of 1921-1922
3. Give the better known theories of business cycles
4. Indicate what steps might be taken to lessen the fluctuations of the business cycle
5. Comment on the relative stability of trade and industry from 1925-1929 and suggest reasons for this situation

Pupil Activities**D. Business cycles**

1. Give the chief characteristics of the prosperity phase of the cycle existing in 1919
2. List characteristics of the depression period, 1921-1922, and make comparison
3. Show why business men, investors, and speculators are willing to pay large amounts for the services of agencies which attempt to forecast business conditions
4. Show the relation of banking and credit to the business cycle
5. Give examples of social and individual losses due to depressions

Evidences of Mastery

2. Explain the doctrine of comparative cost, *i. e.* why we import commodities we can produce at home, perhaps to greater advantage than abroad
3. Explain the effect upon consumer, producer, and the United States Treasury of an import duty placed (a) upon a commodity: consumed but not produced in this country; (b) upon one where part of the supply is produced here and the remainder imported; (c) upon one of which we produce a surplus for export
4. Explain the chief arguments for free trade and protection

D. Business cycles

1. Give a few economic causes of fluctuations in the volume of business
2. Why do commodity prices rise faster than wages in the upswing of the cycle?
3. Name some of the more serious maladjustments that result from changes in price levels and volumes of production
4. What are business barometers, and what kind of data are used in their construction?

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Evidences of Mastery

5. At which stage of the cycle should one build a house for himself, buy a long term investment, make the greatest effort to save?
6. Name some of the advantages that might result from more stable business conditions

Notes by Teacher

VIII. SELECTED ECONOMIC PROBLEMS (continued)

A. Labor Problems

B. Savings and Investments

C. Insurance

Unit Objective

To analyze certain major economic problems in the light of principles developed in this study

Specific Objectives

A. Labor problems

1. To describe the different types of labor organizations
2. To explain the methods and policies of labor organizations
3. To show the benefits of labor organizations upon their members
4. To explain the purpose, effects, and application of minimum wage legislation
5. To point out the causes of child labor and its social and economic effects
6. To show the significance of the problem of unemployment, its causes, and proposed remedies
7. To explain the nature of employers' associations and their methods of dealing with the labor problem

Teacher Procedures

A. Labor Problems

1. Explain the differences in organization and purpose of the different types of labor organization
2. Present briefly the history of organized labor
3. Explain by concrete examples the different policies and methods of labor organizations
4. Show what labor organizations have done to promote temperance, education, standard of living, and insurance among their members
5. Show to what classes of workers minimum wage legislation is usually applied and upon what grounds it is advocated
6. Show by concrete cases undesirable social and economic effects of child labor
7. Show the various causes of unemployment, extent, effects, and proposed remedies
8. Explain methods of employers' associations. Give examples
9. Explain the meaning, use and advantages of the important agencies for settling labor disputes
10. Explain the meaning of industrial democracy and show what efforts have been made to achieve it
11. Explain the meaning and purpose of social insurance, and present statistics showing the growing need for it

Pupil Activities

A. Labor Problems

1. List the different forms of labor organizations and the advantages of each
2. Show that the industrial union tends to displace the craft union
3. Explain the aims, structure and government of the American Federation of Labor and of the Industrial Workers of the World
4. Secure material showing the economic loss incurred by strikes and lockouts and give the legal status of these methods and policies
5. Show that the participation of members in union affairs tends to promote thinking
6. Find out what is the attitude of organized labor toward compulsory education and the curricula of our schools and colleges
7. Show the methods used by organized labor to increase the mental, moral, and physical welfare of its members
8. Describe the different kinds of insurance sponsored by organized labor
9. List the important causes of child labor and its bad social and economic effects
10. Give the provisions of the Iowa Child Labor Law and the advantages of a national child labor law
11. Cite statistics showing the extent of unemployment and child labor
12. Explain labor's attitude toward the use of the injunction and the legal status of the blacklist and boycott
13. List means of settling industrial disputes and the advantages and disadvantages of each
14. Find out the attitude of organized labor and the public towards these agencies of industrial peace

Evidences of Mastery

A. Labor problems

1. Describe the types of labor organizations and explain which one seems to be favored to-day and why
2. Show why organized labor favors collective bargaining
3. State arguments for and against the "open shop"; the "closed shop"
4. Indicate the benefits of organized labor to its members
5. Explain minimum wage laws and give reasons for and against
6. Give provisions of a good child labor law, and the social and economic reasons for such a law
7. Present proposed solutions of the problem of unemployment
8. Distinguish between arbitration, conciliation and collective bargaining. Compare their advantages in regulating the conditions of employment
9. Show why the limitation of output is a short-sighted policy
10. Discuss the economic effects of a strike, boycott, and blacklist. Show why the public is interested in strikes

Specific Objectives

8. To explain the important means of settling industrial disputes and the advantages and disadvantages of each
9. To explain the problem of industrial democracy and cite efforts undertaken to attain it
10. To show the meaning, types and significance of social insurance

B. Savings and investments

1. To show how society and the individual gain through savings and investment
2. To distinguish between investment and speculation
3. To show why stocks and bonds constitute so large a proportion of the nation's investments to-day
4. To discover the earmarks of fraudulent, worthless securities
5. To set forth sound principles of investment

C. Insurance

1. To point out the significance of the risk factor in modern life
2. To show the numerous forms of insurance which have been developed to meet the more common hazards

Teacher Procedures**B. Savings and investments**

1. Give examples showing how both society and the individual who saves gain through thrift
2. Illustrate the extent to which the wealth of the country is represented by stocks and bonds as a result of the spread of the corporation
3. Give examples and explain clearly the chief types of corporate securities: bonds, preferred stocks, common stocks
4. Discuss principles of investment beginning with diversification
5. Discuss the qualities of a good investment security
6. Point out that numerous banks have failed because too many of their loans were dependent upon one industry—agriculture
7. Briefly compare the following classes of investments: bank deposits, insurance, building and loan associations, real estate, government, bonds, public utilities, railroads, industrials, foreign securities
8. Show the demoralizing effects of speculation

C. Insurance

1. Show the risks to property and property values occasioned by fires, floods, winds, hail; wars, strikes; price changes; human carelessness and ignorance; weaknesses in building materials and in machines; robbery and forgery
2. Show the risks to which persons are exposed through unemployment, accidents, disease, old age and death
3. Indicate the numerous kinds of insurance that have been developed to meet some of these hazards

Pupil Activities

15. Name the various kinds of social insurance and give the arguments for and against each
16. Show how the burden of providing such insurance is distributed in Germany and England
17. Explain provisions of the Iowa Workmen's Compensation Law

B. Savings and investments

1. List institutions for savings and investment
2. Define thrift and list ways of saving available for high school pupils
3. Show that securities which have proven their investment qualities are enormous in volume and vastly exceed the volume of poor securities
4. Explain why people of small means make so many unwise investments
5. Show whether or not a farm owner who puts his savings into additional farms violates one of the most important rules of investment
6. Nearly all new securities are sold through underwriting syndicates. Explain their functions
7. Describe the stock exchange and list its functions
8. Give examples of how to figure the yield upon stocks and bonds

Evidences of Mastery

11. Explain what is meant by industrial democracy, and cite efforts to achieve it
12. Name the forms of social insurance and give reasons for each

B. Savings and investments

1. Illustrate the power of compound interest once a start has been made
2. Contrast the value of spendthrifts and close savers to society
3. Explain the usual relation between the rate of return and the amount of risk
4. Discuss diversification and give examples by a proposed investment of \$3,000
5. Show how a speculation might become an investment and vice versa
6. Why should people of moderate means avoid securities offering high yields?
7. Why do many oil stocks offer a high return?
8. Why are we bothered more with salesmen and literature for poor securities than for good ones? What is the result?

Specific Objectives

3. To show the principles upon which insurance is based
4. To show the advantages derived from having unexpected losses borne by the group rather than by the individual who experiences the specific misfortune
5. To point out the necessity of reserves in life insurance
6. To point out the numerous uses of life insurance
7. To distinguish among the more common types of life insurance policies
8. To point out the salient aspects of industrial insurance and group insurance
9. To show the importance of reducing the wastes from fire losses and premature deaths, and the methods that are being employed to accomplish this

Teacher Procedures

4. Show that among a large number of cases it is possible to predict approximately the losses that will be sustained during a given period
5. Show that insurance does not prevent losses, but reduces uncertainty
6. Point out that insurance is essentially a group and not an individual institution
7. Explain level annual premium insurance and its advantages
8. Show that term insurance is the cheapest kind to buy for temporary protection and ordinary life for permanent protection
9. Show that both limited payment and endowment life insurance combine investment and protection
10. Show that annuity insurance enables a person to assure himself of an income during the later years of his life

Pupil Activities**C. Insurance**

1. Show that each of the following affords protection against some type of risk: umbrella, burglar alarm, extra suit of clothes, bank reserves, periodic medical examination, advertising, navy, weather reports, track-walker, parachute, cash in the pocket of the fisherman, window bars, four-wheel brakes
2. Many types of risk are not covered by insurance. Give examples and explain
3. Should every automobile owner be required to carry liability insurance? Explain
4. Show why it is extremely important that a term policy be both renewable and convertible
5. Select a type of policy best suited to a young man, age 26, in good health, propertyless, with a dependent mother, and with an average salary, who desires to complete his college course, and wishes above all to give his mother ample protection at the least cost
6. In a similar manner describe a set of conditions for which each of the following types of insurance is best suited: term, ordinary life, limited-payment life, endowment life, annuity

Evidences of Mastery

9. Show why the average investor should seek advice regarding investments and where to secure such information
 10. Do most people give more consideration to the purchase of their clothes than to the choice of their investments?
 11. Explain and illustrate these terms: callable, stock dividend, rights, convertible, split up, "bulls", "bears"
- C. Insurance**
1. Distinguish between participating and non-participating insurance
 2. Explain why the fire loss per capita is so much greater in the United States than in European countries
 3. Suggest various ways in which members of your local community may cooperate to reduce fire loss
 4. Point out the advantages of having the claim paid in installments rather than in one lump sum
 5. Distinguish among natural premiums, single premiums, level annual premiums, net premiums, and gross premiums

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Evidences of Mastery

6. Show that the "dividends" paid by insurance companies differ in many important respects from those paid by industrial corporations
7. A man with dependents buys a five-year term policy and pays his premiums annually. In five years the policy expires, and the company pays him nothing. Has he been treated fairly? Explain
8. Point out the various ways in which industrial insurance has contributed to the welfare of the wage earning group
9. Indicate the economic benefits of group insurance which have caused it to have such a remarkable growth
10. State reasons why industrial insurance is so costly and why group insurance is so inexpensive

IX. PUBLIC FINANCE

- A. Public expenditure
- B. Public revenues
- C. Administration of public funds

Unit Objective

Teacher Procedures

To set forth the sources of public revenues, show how they are administered, and for what purposes they are expended

Specific Objectives

A. Public expenditure

1. To show the nature and purpose of public expenditures
2. To point out the number and variety of goods and services furnished by the various units of government
3. To show that collective expenditure of funds often brings greater benefits than could be secured were the same amounts spent by individuals
4. To discriminate between large expenditures and extravagance

B. Public revenues

1. To learn the sources from which public revenues are derived
2. To discover how the tax burden is distributed
3. To show the effect of different kinds of taxes on production and consumption

A. Public expenditure

1. Show that the state (federal, state, city, or other political division) has always needed to make expenditures
2. Contrast expenditures of modern states with those of earlier times and give illustrations showing how the rise of the democratic state changed the nature and proportions of expenditures
3. Give statistics to show that the per capita expenditures in all political units have increased rapidly during the last fifty years. Give reasons
4. Explain this classification of public expenditures
 - a. Those conferring a common benefit on all citizens; *e. g.*, public defense, roads, schools
 - b. Those conferring a special benefit on certain classes but treated as a common benefit; *e. g.*, care of the poor and defective classes
 - c. Those conferring a special benefit on certain persons and a common benefit on all others; *e. g.*, postal services, patents, building of sewers
 - d. Those conferring only a special benefit on individuals; *e. g.*, water, gas, and light supplied by city
5. Show that public expenditure is only coöperation in buying goods and services for members of the state

B. Public revenues

1. Give examples of early forms of revenue, *e. g.*, those of the feudal period

Pupil Activities

A. Public expenditure

1. Secure a list of federal expenditures and compare some of the chief items as to amounts and purposes
2. Secure a list of state expenditures and compare them with federal expenditures as to amounts and objects of expenditure
3. Secure a list of city and county expenditures and compare them as to amounts and objects
4. Work out a list of reasons for the increasing per capita expenditure for the federal government; for your city or state
5. Make out a list of six items of expenditure
 - a. For the common benefit
 - b. For the benefit of special classes
 - c. Entirely for the benefit of individuals
6. Use a circle to show the proportion of federal expenditures used for war; past, present, and future
7. Secure a property tax receipt and assuming it to be for \$100.00, figure out how much of it goes for schools, for roads, for care of poor and defective classes
8. Show that when the state borrows funds, both principal and interest must be paid ultimately from taxes

B. Public revenues

1. Secure a list of federal revenues and note the chief sources
2. Secure a list of revenues for your state, county, and city, and in each case note the chief sources
3. Make a list of six well-known commodities upon which excise taxes are levied and indicate who pays the tax

Evidences of Mastery

A. Public expenditure

1. Name the three largest items of expenditure for each of the following units: federal, state, county, and city
2. State on what grounds you would justify the use of tax moneys
 - a. To maintain state educational institutions
 - b. To build paved roads
 - c. To maintain the institutions under the Board of Control
 - d. To provide free school texts
3. One state has a per capita expenditure of \$4.00 and another \$12.00. Suggest explanations of such variations
4. Show how rising standards of living tend to increase per capita expenditures
5. Mention ways of reducing public expenditures

B. Public revenues

1. Define and illustrate the following: tax, tax base, ad valorem and specific rates, proportional tax, progressive tax, direct and indirect tax, import duty, excise tax, tolls, shifting and incidence, levy, assessment, smuggling, free list
2. Show who bears the burden of a tax on a rented house in your city; who bears the burden of a tax on a rented farm in your county

Specific Objectives

C. Administration of public funds

1. To show how public revenues are administered
2. To discover the meaning and significance of budgeting
3. To show that better administration of public moneys would mean lower taxes

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Teacher Procedures

2. Show that with the rise of the democratic state the tax burden became more uniform and equitable
3. Give classifications of taxes and illustrate each: direct and indirect taxes; taxes on persons, property, and incomes; fees, taxes, and rates
4. Show that while taxes cannot be apportioned entirely either according to the benefit received by the taxpayer or according to the ability to pay, yet these two principles are vital to any successful tax
5. Show that no one tax is feasible
6. Discuss and give illustrations of the following: excise and customs duties, property taxes, poll taxes, income taxes, inheritance taxes, fees
7. Show the necessity and justification for progressive taxes
8. Work out simple problems showing the operation of the federal income tax and the Iowa inheritance tax
9. Show by concrete example how the property tax operates in your county, and point out some of its defects

C. Administration of public funds

1. Secure a budget from some political unit and explain its purpose and operation
2. Explain how the public funds of your school, city, and state are administered

Pupil Activities

4. Make a list of commodities upon which custom duties are paid and indicate who pays the tax in each case
5. List a few important features of the federal income tax and the Iowa inheritance tax
6. Give chief objections to consumption taxes
7. While there might be serious objections to any one of our taxes because it does not weigh upon all groups equitably, show that each tax must be judged as part of a tax system which may be as fair and equitable as can be arranged

C. Administration of public funds

1. Prepare a class report on either the federal budget or the state budget

Evidences of Mastery

3. Do the poorest people in your community pay taxes? Should they?
4. Would you favor a tax of five cents a pound on oleomargarine? Give reasons
5. Why not have a ten-dollar poll tax in your community and reduce other taxes?
6. Which political units receive part of the property tax on your home?
7. Name several import duties imposed by the special session of Congress in 1929 and discuss the purpose of these duties
8. What are the personal exemptions in the federal income tax and the Iowa inheritance tax?
9. Show how a reduction of the public debt would permit taxes to be reduced
10. What is done with the license fee paid on your automobile? with the tax on gasoline? with the dog tax?
11. What changes in the tax systems are being advocated?

C. Administration of public funds

1. Who is responsible for making out the budget for the United States? for Iowa?
2. How does budgeting tend to reduce corruption and waste in public expenditures?

History of the

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